

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 19 2011**

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.

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Paul Dauzat, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 12359
Alexandria, LA 71315

MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Louisiana AHEC, Inc.
Alexandria, Louisiana

I have audited the accompanying Statement of Financial Position of Central La. AHEC, Inc. (a non profit organization) as of June 30, 2011, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in the U.S. and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central La. AHEC, Inc., as of June 30, 2011, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated August 17, 2011, on my consideration of the Organization's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations and contracts.



Paul Dauzat

Certified Public Accountant
August 17, 2011

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

Cash and Cash Equivalents	\$ 193,121
Accounts Receivable	154,636
Property and Equipment, Net of Accumulated Depreciation	8,826
Other Assets	<u>4,890</u>
Total Assets	<u>\$ 361,473</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$ 11,813
Salaries Payable	12,832
Accrued Payroll Taxes	978
Compensated Absences Payable	18,152
Due To The Rapides Foundation	27,486
Lease Payable	<u>1,099</u>
Total Liabilities	72,360
Net Assets:	
Unrestricted Net Assets	<u>289,113</u>
Total Liabilities and Net Assets	<u>\$ 361,473</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.

**STATEMENT OF ACTIVITIES
For The Year Ended
JUNE 30, 2011**

	<u>Unrestricted</u>
SUPPORT AND REVENUE	
Support	
LSU Medical Center	\$ 488,089
Med Job Reimbursement	33,789
Every Woman Matters	34,508
Children's Trust Fund Reimbursement	8,426
AHEC of a Summer	20,323
Cancer Control	55,944
Rapides Foundation-Tobacco Prevention	122,514
Office Of Adolescent Health	134,583
SEARCH	7,671
HOPE	10,280
Other Revenue	14,591
Interest Income	<u>7</u>
Total Support and Revenue	<u>930,725</u>
 EXPENSES	
Program Services	
Educational Programs	328,355
Program Management	<u>267,176</u>
Total Program Services	<u>595,531</u>
 Support Services	
General & Administrative	<u>308,944</u>
Total Support Services	<u>308,944</u>
Total Expenses	<u>904,475</u>
 Change in Net Assets	26,250
Net Assets, Beginning of Year	<u>262,863</u>
 Net Assets, End of Year	<u><u>\$ 289,113</u></u>

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended
JUNE 30, 2011

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>TOTAL</u>
	<u>Educational Programs</u>	<u>Program Management</u>	<u>Total</u>	<u>General & Administrative</u>		<u>EXPENSES</u>
Salaries	\$ 135,160	\$ 135,160	\$ 270,320	\$ 135,161		\$ 405,481
Payroll Taxes	10,575	10,575	21,150	10,576		31,726
Fringe Benefits	21,853	21,853	43,706	21,852		65,558
Program Expenses	98,902	98,902	197,804	-		197,804
Educational Expense	7,095	-	7,095	-		7,095
Insurance	-	-	-	3,771		3,771
Legal & Professional	-	-	-	17,123		17,123
Travel	-	-	-	24,664		24,664
Office Expense	-	-	-	33,175		33,175
Duplication/Printing	-	-	-	2,844		2,844
Telephone/Communication	-	-	-	7,055		7,055
Postage	-	-	-	2,665		2,665
Office Lease and Occupancy	-	-	-	44,086		44,086
Other Expense	54,084	-	54,084	5,285		59,369
Total Expenses Before Depreciation and Other Deductions	327,669	266,490	594,159	308,257		902,416
Depreciation	686	686	1,372	687		2,059
TOTAL EXPENSES	\$ 328,355	\$ 267,176	\$ 595,531	\$ 308,944		\$ 904,475

The accompanying notes are an integral part of these financial statements

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.
STATEMENT OF CASH FLOWS
For The Year Ended
JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 26,250
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	2,059
(Increase)Decrease in Accounts Receivable	(130,399)
Increase(Decrease) in Accured Expenses	<u>8,035</u>
Net Cash Provided by Operating Activities	<u>(94,055)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Due to The Rapides Foundation	27,486
Obligation on Equipment Lease	<u>(1,811)</u>
Net Cash Flows From Financing Activities	<u>25,675</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(68,380)
Cash and Cash Equivalents, June 30, 2010	<u>261,501</u>
Cash and Cash Equivalents, June 30, 2011	<u><u>\$ 193,121</u></u>

There were no non-cash investing or financing transactions for the year ended June 30, 2011.
There were no income taxes for the year ended June 30, 2011.

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

Organization

Central Louisiana Area Health Education Center, Inc. (CLAHEC) is a Louisiana non-profit corporation chartered on January 6, 1992. Its purpose is to operate an area health education center in Central Louisiana in order to plan for additional clinical education opportunities in rural and underserved communities.

CLAHEC is exempt from Federal income taxes under the provisions described in Section 501C (3) of the Internal Revenue Code.

Basis of Accounting

The accounting policies of CLAHEC conform to generally accepted accounting principles as applicable to non-profit organizations, (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Financial position and activities are reported according to unrestricted net assets, temporarily restricted net assets or permanently restricted net assets depending on donor stipulations. Restricted net assets represent resources currently available for use, but expendable only for those operating purposes specified by the grantor or donor. Resources of this type originate from grants and contracts. It is CLAHEC's policy to report all such revenues as unrestricted if the restrictions are met in the reporting period.

Revenue and Expenses

Support for CLAHEC is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). LSUMC has been awarded grants by both the Federal government and the State of Louisiana and has contracted with CLAHEC to provide the services required by these grants.

Expenditures are made in accordance with a budget which has been adopted and made a part of the contractual agreement with LSUMC. CLAHEC is reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreements.

Equipment

The cost of office furniture and equipment was not capitalized during the initial year of CLAHEC's grant agreement with LSUMC. According to the contractual agreement between LSUMC and CLAHEC, title to the equipment purchased under the agreement during the fiscal year ended June 30, 1992 shall remain with LSUMC.

The cost of office furniture and equipment purchased in years subsequent to June 30, 1992 has been capitalized at historical cost. Depreciation of furniture and equipment is provided over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives of the assets range from three to fifteen years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management.

Compensated Absences

CLAHEC accrues compensated absences up to a maximum of 96 hours that can be carried over into the next fiscal year. Compensated absences include vacation and sick leave which can be compensated up to 136 hours of accumulation. An amount has been recorded in the financial statements for this liability.

Cash Flow Information

For purposes of the statement of cash flows, management considers all short-term investments with a maturity of three months or less to be cash equivalents.

NOTE 2 Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2011 totaled \$ 193,121 (book balance) and \$ 278,941 (bank balance). These deposits are held by local financial institutions and insured by FDIC.

NOTE 3 Accounts Receivable

Accounts receivable at June 30, 2011 totaled \$ 154,636 and consisted of amounts due from other agencies. Management believes these amounts will be fully collectible, and accordingly, no bad debt expense has been recognized. The following are due to AHEC.

DHH-Med Job	\$ 11,045
DHH-EWM	28,091
DHH-Search	1,918
LSUMC-Shreveport	74,261
Office of Adolescent Health	27,615
Cancer & Lung	10,248
Children's Trust Fund	1,458
	<u>\$ 154,636</u>

NOTE 4 Property and Equipment

Property and equipment used in program and support services and capitalized as described in Note 1 is as follows:

	Computers	\$ 10,525
	Learning Resource Center	10,747
	Other Equipment	30,485
	Equipment-Baton Rouge	2,513
	Furniture	21,614
	Leasehold Improvements	3,075
Less:	Accumulated Depreciation	<u>(70,133)</u>
	Net Property & Equipment	<u>\$ 8,826</u>

Depreciation expense for the year ended June 30, 2011 totaled \$ 2,059.

During the year ended June 30, 2011, office furniture and equipment that was identified as non-working or damaged was deleted from the asset schedule and corresponding entries to the asset and accumulated depreciation accounts were made. The total amount removed was \$ 5,720 and all items were fully depreciated.

NOTE 5 SEP/IRA

CLAHEC contributed 14.5% of each employees earned income to a SEP-IRA plan for the year ended June 30, 2011.

NOTE 6 Economic Dependence

CLAHEC receives substantially all of its operating support from funds provided through grants administered by the Louisiana State University and Agricultural and Mechanical College. The grant amounts are appropriated each year by the Federal government and the State of Louisiana. Management is not aware of any actions that would adversely affect the aggregate amount of funds CLAHEC will receive in the next fiscal year.

NOTE 7 Operating Leases

CLAHEC leases its office space, certain furnishings and housing for medical students under operating lease agreements. Details of each lease are listed below.

Office Building and Furnishings: CLAHEC signed an operating lease agreement March 26, 2007 on office space and furnishings at a monthly amount of \$ 2,655. The lease expired March 26, 2010, with a (3) year renewable option. The lease was renewed for a monthly amount of \$ 2,920. In December, 2010 an expansion to the building was completed and an additional monthly rent of \$ 267 was executed under the same terms as the primary lease. For the year ended June 30, 2011 CLAHEC paid \$ 37,176 under these leases.

Baton Rouge Office: CLAHEC signed an operating lease agreement on October 15, 2003 on office space in Our Lady of the Lake building in Baton Rouge. The lease is renewable annually at \$ 1,200 and paid quarterly. During the year ended June 30, 2011, CLAHEC paid \$ 1,200 under this lease.

Future payments under these lease agreements for the year ending June 30, 2012 are \$ 39,444. Future payments under the three year building lease are \$ 71,466.

Telephone Lease: CLAHEC contracted under a telephone system lease recorded as a capitalized lease. The monthly principle and interest payments are \$ 138.46 for 60 months, commencing in April, 2007. Monthly sales tax due each month is \$12.46. This lease terminates in April, 2012.

NOTE 8 Other Contracts and Agreements

CLAHEC entered into an agreement with the Department of Veteran's Affairs Medical Center in Alexandria Louisiana for the purpose of establishing a Learning Resource Center. The Learning Resource Center's mission is to provide health care professionals who practice in the underserved and rural areas of Central Louisiana access to library services. CLAHEC's support of the Learning Resource Center is to provide equipment, furnishings and computers. Any equipment provided by CLAHEC to the center remains the property of CLAHEC. CLAHEC also provides supplies including books, journals, periodicals and database services.

NOTE 9 Subsequent Events

Management has evaluated subsequent events through August 17, 2011 which is the date the financial statements were available to be issued. There were no events that required disclosure.

Paul Dauzat, CPA

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Alexandria, LA 71315

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (the Yellow Book)*

Board of Directors
Central La. Area Health Education Center, Inc.
Alexandria, Louisiana

I have audited the financial statements of the Central La. Area Health Education Center, Inc. as of and for the year ended June 30, 2011, and have issued my report thereon dated August 17, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Central La. Area Health Education Center, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central La. Area Health Education Center, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Central La. Area Health Education Center, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Central La. Area Health Education Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, board of directors, others within the entity, and government entities and is not intended to be and should not be used by anyone other than these specified parties.



Paul Dauzat
Certified Public Accountant
August 17, 2011

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2011

There were no findings for the year ended June 30, 2010.